



International Housing Solutions (IHS), Fund Manager (General Partner) of the **South Africa Workforce Housing Fund ("Fund" or "SAWHF")**, invites you to consider the potential growth opportunities we offer your business.

The Fund is expected to commit \$240 Million USD (about R1.9 Billion) and will generate the creation of an estimated 50,000 homes for sale or rent, helping to meet South Africa's burgeoning demand for housing. The investments will total about R6 billion after gearing.

Who is IHS?

IHS is an international company with a solid track record spanning years of experience in local and international housing markets. **We provide equity investment in projects and to companies that develop affordable housing or provide services and products contributing to this growing market segment.**

IHS is investing in South African residential markets through the Fund. IHS's equity investment fills some of the gap between debt and total project cost and allows the developer to more efficiently put his own capital to use. IHS tailors funding solutions and offers a flexible product adaptable to the requirements of a particular transaction.

We operate in all provinces of South Africa and neighboring countries. The diversity of finance and real estate experience embodied in the South African and international IHS team brings valuable expertise and capital to your business.

What can IHS offer in terms of the construction and development of affordable housing?

The Fund builds communities by investing in land acquisition, housing construction and development projects that primarily serve the millions of South African households whose income is too high to qualify for public sector housing programs, but too low to afford average market rate housing. This segment represents a sizeable "missing middle" in the country's housing supply. The fund will also help address the serious shortage of student accommodation, by providing quality accommodation near the campuses.

Why choose IHS as a partner?

- We bring deep real estate finance experience to the table with particular experience in the requirements of the affordable market segment in South Africa.
- Our equity investments allow developers to grow their businesses and manage their own capital more efficiently.
- Developer partners share risk on their projects with IHS, thereby reducing the exposure a single, large-scale project can present.
- Our seasoned team brings a diverse set of skills and capable management to the business of investing in real estate development.
- Private equity provides essential capital to new and existing companies and is a major contributor to driving growth in economies, enhancing communities and creating new jobs.

What form does our construction/development investment take?

IHS provides the majority of the equity needed in the transaction, which in simple terms, is the total cost of the project less the portion that will be funded by debt (generally provided by commercial banks) and any





other sources of funds. Equity by its nature does not require a specific interest rate to be paid; IHS as an equity investor shares in a portion of the profits should the project be successful. IHS co-invests with capable local developers and property owners to prepare land and/or stands for development, and to build new free-standing houses and flats in projects focused at the lower to middle end of the market. Projects typically incorporate mixed income housing opportunities, including free-standing homes and apartments (freehold, sectional title, cluster, and rental) at several price points. IHS capital typically provides approximately 80% of a project's equity, after project level leverage. In most cases, the development equity interest is structured with a progressive waterfall to ensure that incentives are aligned to optimize the profits for all parties.

- Term: 36-48 months.
- Gross project level target risk-adjusted return: based on risk profile of the project.
- Exit strategy: Sale of stands and/or housing as units are completed.

The table below illustrates a typical IHS construction/development equity investment. It provides a range for the types of construction projects in which IHS might make an equity investment and provides project returns and the project capital stack for a typical IHS investment.

Representative Construction Investment Profile

Project Size	R80 - R1.5 bn
Loan to Value	Up to 70%
Average Total Equity	R48 - R500 mn
Number of Housing Units	300-2,500 generally in several phases
Price Band	R150,000 - R550,000 - Sales price of units
Occupant Profile	Workforce housing, salaried employees - low-to-moderate income
Neighborhood Type	Higher density schemes
Typical Project Size	1,200 units (single family houses)
Typical Project Cost	R1,200 mn
Typical Construction Cost	R 600 mn
Typical Cost of Land	R 250 mn
Typical Contingencies	R 250 mn
Typical Revenue	R4 bn
Total Profit	R 400 mn
Finance Structure	Debt: R 700 mn (provided by bank) Equity IHS: R 200 mn Equity Client: R 35 mn





How does IHS select partners and projects?

Housing development investments will typically be in the form of joint-venture equity with experienced developers and real estate sponsors. Projects will have an average 3-5 year period whilst the units are being constructed and sold to individual buyers, or through portfolio sale of buildings that may have a longer hold period.

IHS partners with a broad range of real estate, finance and housing-related companies. We look forward to working with partners who:

- Possess proven experience in real estate development and/or their specific industry.
- Have a deep understanding of the geographic and target markets in which they operate.
- Can capably execute on their growth plans.

In order to assess an opportunity we consider:

- Developer/company history and capabilities.
- Size, location and market of project.
- Total project cost, budget and cash flows, including income and expenditure of the project.
- Current project status, schedule and key market assumptions and milestones.
- Town planning and other approvals required for residential projects.
- A proposal on the terms of which IHS is invited to participate in the project.

How are potential investments reviewed?

If IHS fits the parameters of your business and development project simply visit www.intlhousingsolutions.com and send us an email at infos@intlhousingsolutions.com; or contact our Deal Team by telephone. If appropriate, an experienced Team Manager will contact you and inform you of the necessary information you need to provide.

Submissions are appraised as investments and decisions are made on a strictly commercial basis.

Our staff will carefully explain the due diligence and investment procedures followed to close the transaction, execute the necessary legal documentation and disburse funds to the project.

Should both parties wish to proceed, a due diligence team will carry out the required site visits and other requirements to finalize a financial model and other criteria for underwriting, investment committee approvals and closing procedures.

We look forward to hearing from you and forming a mutually beneficial long-term relationship.

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